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Lewis, Paul Gustav

Supplement to the book Solution

Milwaukee, Wis.

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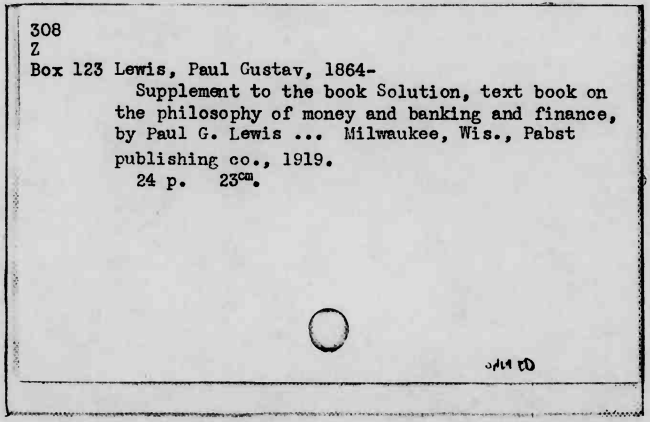

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SUPPLEMENT

TO THE BOOK

SOLUTION

Text Book on the Philosophy of Money and Banking and Finance

By

PAUL G. LEWIS

READ Money page 3
Government Ownership " 15

SOLUTION AND SUPPLEMENT
PRICE $4.00
SUPPLEMENT 25 CENTS
(NO STAMPS)

Published by PABST PUBLISHING CO., Milwaukee, Wis.
1919

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New Definitions in Economics

Taken from the Book

Solution and Its Supplement

By PAUL G. LEWIS

30 Loan and Trust Building, Milwaukee, Wis.

CREDIT

A credit is a right conferred upon a person to demand a full discharge of a liability assumed by another according to agreement.

DEBT

A debt is an obligation assumed by a person, to be fully discharged by him in favor of another according to agreement.

FICTION

A fiction is the embodiment of a perversion or falsehood —of facts or governing laws of nature.

There are two kinds of fictions: namely, Living or Active fictions and Dead or Passive fictions.

A living or active fiction is a regulation operating in the intellectual, industrial, financial or political evolution of society, based unknowingly upon a wrongful application of a law of nature.

A dead or passive fiction is a mere story known to be such.

DISCOUNT

A Discount constitutes the creation of a money-demand liability assumed by a bank in exchange for a borrower's money-liability supported by his wealth."

CHECK

A Check is the written order of a person upon a bank, demanding payment in U. S. money of a definite sum to a person named therein.

RESOURCE

A Resource is a lawful or undiscovered unlawful ownership or possession of money or property of any kind or description known in Law.

LIABILITY

A Liability (except such created by law or arising out of judgment) is an undischarged, defined duty arising out of agreement between two or more persons.

VALUE

Value is the expression of the degree of natural utility, ofttimes measured in terms of money, applied not only to man's labor and to all objects movable and immovable, organic and inorganic, concrete or abstract but also to land and water including all that is within, above, and beneath these.

STANDARD

The definition of the word "standard" in so far as it applies to weight, measure, value and quality.

A Standard is an adopted or legalized unit wherewith to determine the exact mathematical relationship of all other objects subject to such unit.

STANDARD OF VALUE

The "standard of value" is a legalized unit of inherent value used, not only to determine the cost price of the products or achievements of every kind of human labor, but also forming the basis of money upon which to issue a circulating medium of exchange.

This is a definition which does not yet apply but into which this nation will eventually have to grow; in other words, a prenatal definition of that real standard of value of the highest grade which is yet to be born and embraced.

STANDARD OF LABOR

The "standard of labor" is the adopted or legalized unit of one day's common labor performed for the government in accordance with regulations setting forth the number of hours and amount of labor.

VALUE OF STANDARD OF LABOR

The "value" of the standard of labor is the adopted or legalized amount offered or paid by the government for the standard of labor.

VALUE OF SKILLED LABOR

The "value" of skilled labor is the sum total of that additional amount added to the value of the standard of labor as evidenced by the government's scale of wages for such labor to be performed for the government.

STANDARD OF DEBT

The "standard of debt" is that interest bearing money-obligation based on adopted or legalized securities upon which a circulating liability is issued as a medium of exchange to be redeemed or discharged in a medium of exchange supported by the standard of value.

All circulating notes of the government and banks as well as checks drawn on banks are each based upon the "standard of debt." A check is drawn for an amount which the bank owes in U. S. money, and such check is therefore based upon the standard of debt. A check when paid by the proper bank cancels the debt of such bank.

MONEY

Money is a medium of exchange used to facilitate in a most intelligible manner the acquisition or disposition of everything of natural value including human labor,—based upon a standard of value (the latter) to perform the function of a unit wherewith to determine the exact mathematical relationship of every natural value with such unit.

MEDIUM OF EXCHANGE

A "medium of exchange" is that circulating element of money whereby exchanges are effected for labor (intellectual or physical) money obligations, achievements, or all kinds of property subject to transfer or possession.

DEFINITION

A definition is the embodiment of a subject-matter in all its phases expressed in simplest form.

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February 24 1921

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Columbia University

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Yours faithfully

Assistant Librarian

Enclosures

If necessary, ERAS.

M.W.C. Aug. 4, '27.

MONEY

(To be read in connection with pages 89-103)

Money in its widest sense, including checks, is the most important and most powerful factor in the historical development of society. Nothing equals it.

Money as a means, made possible the existence of industrial Kings as powerful in civilization as tribal Chiefs under barbarism.

Money as a means, stimulates production.

Money as a means, has the power to enslave the masses in industrial life.

Money as a means, enables us to sustain life.

Money as a means, establishes the status of the social life of the individual.

Money as a means, determines the destiny of a nation either for woe or weal, for hell or heaven on earth.

> "An insufficient and improper money is the ROOT OF ALL EVIL.
> A sufficient and proper money rightfully used will be the ROOT OF ALL HAPPINESS."
> —SOLUTION, page 99

There are two kinds of money, one is a circulating asset of the government based upon a "false" standard of value while the other is a circulating liability of the government or banks based upon the standard of an interest bearing indebtedness.

I use the word "false" standard of value because the constitutional gold and silver coins do not and cannot perform that function of a unit whereby the value of all other objects may be determined or brought into mathematical relationship with such unit. The very definition of a standard in its relation to value as given in text books and encyclopaedias preclude such coins from ever coming within the requirements of such definition.

Up to this time money based upon a standard of value comprised all kinds of property known to man from the beads of Indians to the gold and silver of the present civilization. The gold and silver coins are today regarded as the only real money wherewith in the final analysis to redeem all other money, debts

or other pecuniary obligations. For this reason I will set forth in a more detailed manner the elements of money in use today as well as present the standard of value of Labor Certificates.

My definition of a medium of exchange is as follows:

> A "medium of exchange" is that circulating element of money whereby exchanges are effected for labor (intellectual or physical) money obligations, achievements, or all kinds of property subject to transfer or possession.

A — MONEY (ASSET)

Medium of Exchange (Circulating Element of Money)

Standard of Value (Metallic Element of Money) — Standard of Metal: Gold, Silver, Nickel, Copper; Value of Metal

GOLD SILVER NICKEL COPPER — COINS

IN GOD WE TRUST

A CIRCULATING ASSET

In **A** the letters and figures stamped upon each coin constitute the medium of exchange and stand as a guarantee that gold, silver, nickel or copper as the case may be, are in certain alloy proportions in fixed amounts, and also present the value thereof, all of which constitute the medium of exchange.

The standard of value is the amount and character of metal contained in each coin together with the bullion value thereof.

In silver coins the value placed upon them as a medium of exchange is ordinarily much higher than their bullion value. The difference is known as the fiat value—the arbitrary value of the government placed upon them based on nothing.

A-2 — MONEY (ASSET)

Medium of Exchange (Circulating Element of Money)

GOLD-SILVER CERTIFICATES

A CIRCULATING ASSET

Standard of Value

GOLD SILVER — COINS

IN GOD WE TRUST

In **A-2** the letters and figures on government paper certify to the deposit of gold or silver coin in the U. S. Treasury and the government's obligations to make payments in such coin when demanded; these constitute the medium of exchange.

The gold and silver coins deposited in the U. S. Treasury form the standard of value.

B — MONEY (LIABILITY)

Medium of Exchange (Circulating Element of Money)

LEGAL TENDER	NOTES
NAT. BANK	NOTES
FED. RESERVE	NOTES
FED. RES. BANK	NOTES

A CIRCULATING LIABILITY

Standard of Debt: U. S. Money Obligation based on Stand. of Security (U. S. Bonds, Com. Paper or other Securities); Int. on Obligations based on Regulations

IN DEBT WE BUST (Burst)

In **B** the letters and figures on government paper set forth the obligations of the government or banks to be discharged in gold or other lawful money. These constitute the medium of exchange.

The standard of debt constitutes the amount of debt with interest thereon based upon approved securities, such as bonds, commercial paper, etc. My definition for the standard of debt is as follows:

> The "standard of debt" is that interest bearing money-obligation based on adopted or legalized securities upon which a circulating liability is issued as a medium of exchange to be redeemed or discharged in a medium of exchange supported by the "standard of value."

All circulating notes of the government and banks as well as checks drawn on banks are each based upon the "standard of debt." A check is drawn for an amount which the bank owes in U. S. money, and such check is therefore based upon the standard of debt. A check when paid by the proper bank cancels the debt of such bank.

C MONEY

(HIGHEST ASSET)

Medium of Exchange

(Circulating Element of Money)

LABOR CERTIFICATES

A CIRCULATING ASSET OF THE HIGHEST VALUE

Standard of Value { Standard of Labor { One day's work common labor performed for the Governm't } ; Value of Standard of Labor { Fixed at $5.00 }

SURVIVE WE MUST

In **C** the letters and figures on government paper certify that labor to the value thereof has been performed for the government. These constitute the medium of exchange.

The standard of value is composed first, of one day's common labor performed for the government (nation) according to regulations relating to the amount and hours of labor, and secondly the value thereof as established by the government.

A day's work of common labor may be made definite for a long time with reference to hours and amount of labor; and likewise the value of such common labor may be made definite for a similar time regardless of economic changes.

I have chosen "common labor" as the standard of labor because such was primarily the father and foundation of all labor. Inventions alone have erected above common labor the great superstructure of diversities and divisions of skilled labor. Every kind of skilled labor can be brought into definite relationship in dollars and cents with the standard of common labor just as every object having dimensions, each different from every other is nevertheless capable of being brought into mathematical relationship with the adopted standard of the foot rule.

The length of the ordinary foot rule had its inception in those days when the average length of a man's foot was the exact length of the foot rule.

The standard of measurement was therefore taken from that portion of a living human body which to this day furnishes the support or foundation upon which rests the whole body.

The foot of man having furnished a standard for measurement, the common labor of man supported by each foot can be made the "standard of labor."

The selection of common labor as a standard is in perfect harmony with the evolution of labor because it was from universal common labor hardly more than a century ago that specialized skilled labor developed step by step; and as we have always distinguished the various and different kinds of skilled labor from common labor by the expressions thereof in dollars and cents, so even now may we differentiate the degrees of skilled labor from common labor by similar expressions in terms of dollars without violating the rule of having but one standard of labor.

It is not a difficult matter to find out what constitutes a day's work of common labor. In determining the amount of such labor in a given number of hours it would not be profitable to take the estimate of a slave driver who wants all he can get, neither would it be right to standardize the amount rendered by a professional shirker or slighter of work who endeavors to give as little as possible. A standard of common labor should strike at the happy medium which satisfies the employer and yet does not sap the very strength and life out of the toiler, leaving him each night unfit for everything on earth except food and sleep.

The value of all skilled labor engaged in the production of the prime necessities of life can all be brought via a schedule of wages into a practical working money-relationship with common labor; thus suppose the government's value

Of Common Labor is	$5.00 per day
Of Carpenter's Labor is	7.00 per day
Of Bricklayer's Labor is	8.00 per day
Of Electrician's Labor is	9.00 per day
then the value	
Of Carpenter's Labor per day is	$5.00 plus $2.00
Of Bricklayer's Labor per day is	5.00 plus 3.00
Of Electrician's Labor per day is	5.00 plus 4.00

The Five Dollars ($5.00) relate to the "standard of labor" (one day's work common labor) expressed in dollars whereas the additional amounts of $2.00, $3.00 and $4.00 represent the degree of difference on the basis of common labor between certain skilled labor and such common labor; in other words the standard of labor expressed in dollars plus additional fractions of such standard of labor, will give us the money value of the different kinds of skilled labor; and this difference is expressed in the scale of wages paid or offered by the government on the basis of common labor. In this way we need have only one standard of

value for labor and yet measure the value of every other kind of labor as evidenced by the government's scale of wages adopted for every kind of skilled labor.

Labor Certificates should therefore be issued upon the standard of labor namely for Five Dollars ($5.00) and multiples thereof, and also in fractions thereof not below One Dollar ($1.00); and such varieties of labor certificates will be ample to meet every need and requirement for the payment of skilled labor.

My definition for the standard of value is as follows:

> The "standard of value" is a legalized unit of inherent value used, not only to determine the cost price of the products or achievements of every kind of human labor, but also forming the basis of money upon which to issue a circulating medium of exchange.

This is a definition which does not yet apply but into which this nation will eventually have to grow; in other words, a prenatal definition of that real standard of value of the highest grade which is yet to be born and embraced.

The standard of labor is defined by me as follows:

> The "standard of labor" is the adopted or legalized unit of one day's common labor performed for the government in accordance with regulations setting forth the number of hours and amount of labor.

The value of the standard of labor is defined by me as follows:

> The "value" of the standard of labor is the adopted or legalized amount offered or paid by the government for the standard of labor.

The value of skilled labor is defined by me as follows:

> The "value" of skilled labor is the sum total of that additional amount added to the value of the standard of labor as evidenced by the government's scale of wages for such labor to be performed for the government.

The Labor Certificate is not based upon any property or products (of labor) acquired by the government but upon "labor" performed for the government.

The property or products produced by labor for the government, merely bears evidence of the fact that labor has been performed, so that any destruction of such property or products in no way affects the validity or value of the Labor Certificate in circulation.

Again, a single $5.00 Labor Certificate in continuous circulation between the government and laborers and vice versa, possesses the virtue of enriching the nation by hundreds of dollars of additional labor, all of which would be evidenced by the visible fruits of such labor.

A Labor Certificate in the hands of a person is merely a "means" of exchanging "labor performed for the nation" for something else within the nation. Whether that "something else" relates to debts or taxes due to the government, or whether it relates to property or commodities, etc., under individual or national ownership is immaterial because a medium of exchange should possess full powers of a legal tender embracing everything capable of a transfer of possession, or discharging money obligations.

Money (medium of exchange) should at all times be considered as nothing else than a mere "medium" whereby to affect "exchanges" regardless of their character, be these debts, goods, wares, or merchandise, or anything else subject to exchange.

A debt is only a postponed obligation to render something in return for something else previously received for which no timely or proper exchange was made.

The use of the word "payment" in relation to debts is misleading as it has arisen out of the use of a medium of exchange based upon the intrinsic value of gold and silver. There can be no payment in the strict sense for which money is intended, but merely an exchange.

> Suppose the government taxed A $5.00, then A having worked for the Government one day would receive a $5.00 Labor Certificate who could immediately exchange his Labor Certificate for the tax due the government.

Labor is exchanged for the Labor Certificate, and the Labor Certificate is exchanged for the tax. The element of payment is lacking because the standard of value of a Labor Certificate is not based upon coins (metal having intrinsic value) but upon the executed contract (labor) which is not capable of manual delivery.

The principle involved in this shortest circulation of the $5.00 Labor Certificate between the government and A and from A back to the government is not impaired even though the longest circulation had taken place which included B, C, D, etc., down to Z, who in possession of that Labor Certificate could equally perform that exchange for taxes levied against him as A did in the first instance.

Labor (intellectual and physical—not laborer) is of greater value to the nation than gold and silver metal.

If certificates based upon labor required redemption then sound philosophy would require also the redemption of gold and silver metal in the coins. It follows as a logical conclusion that,

> anything inferior (gold and silver) not requiring redemption, surely something superior (labor) could not possibly be the object of redemption.

The following taken from the book SOLUTION, pages 102-103.

> "I might add that in practice the capitalist, considered an "employer" of labor, is in fact a "purchaser" of labor because neither the laborer nor any other person except such capitalist, acquires primarily any interest whatsoever in the commodities which labor produces.
>
> Suppose 1,000 men had constructed a building for the government; and suppose further that the labor of these 1,000 men had been "purchased" by the government—then such building would not and could not be 100% national property because it would exclude the 1,000 men who sold their labor, and would thereby be estopped from setting up a national interest therein.
>
> The purchase of labor by a government is impossible except in the case of "slavery" (penal servitude) in which case the slaves would not acquire a national interest in national property.
>
> It is only by "EMPLOYING" labor that these 1,000 men can have a national interest in the building they constructed—the same (interest) as all other citizens who had not rendered any labor for or on account of its construction."

STANDARDS REPRESENTING VALUES—REDEMPTION—FIAT

(To be read in connection with pages 68-103)

There are two kinds of Certificates, redeemable and irredeemable.

The former are based upon statements of facts and obligations, such as Gold and Silver Certificates, which certify to the coin-deposit in the U. S. Treasury, and also embody the obligations of payment (redemption) of such coin to bearer on demand. A Certificate of Deposit contains not only the statement of a fact relating to a deposit but also involves the performance of a duty.

The irredeemable Certificates merely contain statements of facts, such as Certificates of Health, Education, Character, etc.

Every Certificate whether redeemable or irredeemable must be based upon some standard having a value.

In the case of Gold and Silver Certificates or Certificates of Deposit the "Standard of Value" is the coin or money deposited in the U. S. Treasury or banks as the case may be.

A Certificate of Health can only be issued in favor of a person upon a careful diagnosis of his physical and mental standard.

A Certificate of Education can only be issued to a person upon the standard of knowledge acquired by him as specified.

A Certificate of Character must be based upon the standard of morality known to the person certifying.

All of the foregoing Certificates are each merely a "means" of acquiring something which the lawful holder thereof desires; be this either the gold or silver coin, employment or insurance.

Every form of means of whatever nature or character must be based upon some support or some standard having a value.

As all kinds of money are merely a means of procuring the things which satisfy our general wants even as

> A Certificate of Education is a means of securing particular employment
> A Certificate of Health is a means of securing life insurance
> A Certificate of Character is a means of qualifying for certain employment

the foregoing being each merely a means of satisfying some special wants, so in like manner any kind of National Money intended as a means of the widest range of circulation and universal application in order to be just, right and in harmony with our experiences relating to money, should be based upon a "standard of value."

I make this statement in answer to those who claim there should be no standard of value to any national circulating medium; and who still justify and advocate the Greenbacks which were so reluctantly issued by shere force of necessity during the early part of the Civil War.

MONEY
(FIAT)

Medium of Exchange (Circulating Element of Money)	No Standard of Value.
GREENBACKS	No Standard of Debt.
	Based on Nothing.

Any medium of exchange which does not have its necessary "Standard of Value" is a fiat medium, and such is as worthless as a

Fiat Certificate of Health not based upon the facts of an examination

Fiat Certificate of Education not based upon the fact of an examination

Fiat Certificate of Character not based upon the fact of knowledge of moral habits.

Such certicates would constitute a fraud upon those who relied and acted upon the statements certified therein. And likewise would any medium of exchange based on nothing (fiat) constitute a fraud upon the nation because such would in fact abolish the most essentail element of money (Standard of Value) as the same has been developed through various ages and stages from ornamental beads to the gold and silver coin.

We must either find something better than gold and silver or continue to worship the nation's best selection.

It will not do to build the nation's future peace and happiness in accordance with theories which seek to knock out from under it the support achieved by centuries of slow progress.

In our national progress we must hold on to everything we have gained, and only yield up such portions here and there which can be replaced by something better in their stead.

The Labor Certificate merely goes one step farther than the constitutional gold and silver coin by adding another link to the chain of monetary evolution consisting in this case of a standard of the highest value known to man; and that standard is labor.

A Labor Certificate is based upon the statement of a fact that labor has been performed for the government and the further fact that the value of such labor as mentioned therein constitutes such certificate a legal tender in payment of all debts up to the amount stated.

A Labor Certificate belongs to the same class of irredeemable certificates to which those certifying to education, health and character belong, because none contain even a single obligation to be performed. Only a certificate with an obligation or duty to be performed, requires redemption.

Labor Certificates in time will be found to possess the virtue and power of redeeming not only all Circulating Notes but also the net liability of all banks as well as that of the nation, and finally thereafter displace even the gold and silver coin.

APPLICATION OF LABOR CERTIFICATES

In the use of Labor Certificates many questions will arise in the minds of thoughtful men who desire to be most technical. These will place the strictest construction upon the use of Labor Certificates by demanding that such should only be given by the government for the "bare" labor performed, and exclude all necessary material, tools, equipments and implements needed to achieve the objects of labor.

The present time offers no conditions for a perfect application or operation of Labor Certificates although any application even though at first seemingly imperfect will nevertheless grow into those ultimate conditions by gradual evolution when they will finally apply strictly to bare labor to the 100% extent, and to nothing else. During the coming generations this nation may gradually evolve by the use of Labor Certificates from individual ownership to national ownership of everything, so that thereafter "labor" will be the only factor in bringing forth all raw materials, and from these "labor" will be the only factor in producing the essential wants of man in their relation to food, shelter, clothing, transportation, sanitation, etc.

The first application of Labor Certificates represents the primitive energy and motive power for progress directed toward the best possible conditions for the general welfare of the nation, just as an infant who, when he first begins to crawl, is taking the first step toward walking in later years. We do not expect a newly entered apprentice to handle the tools of a trade as aptly, as wisely, as efficiently and as perfectly as he will in later years when he has become a master.

Every beginning is crude—is awkward—is full of errors—is subject to much criticism.

The Labor Certificate is the beginning of the first crawling of the nation but soon this crawling will reach a stage when the nation will begin to arise and for the first time stand erect before all, and from thence move on more rapidly in its development toward a sound, healthy and vigorous national body and mind where men and women will value the giving of a service to the nation far above any which merely inures to the personal gain of an individual.

The Labor Certificate is not emblematic of a dead idol but an intelligent living working power which like any other living seed, possessing not only the germs of growth and development, but the power of hastening toward a definite aim, the harvest—the reward.

The Labor Certificate like a living seed will not only have to

be planted so that it may take root and send forth its visible sprouts of public improvements and of peace and happiness into those homes which suffer most during dark ages of poverty, but such sprouts or growth will require much careful cultivation; and in addition thereto the elimination of those powerful weeds of debts and their interest which, like wild animals devour the fruits of man's labor only to enrich the carcass of the greedy—the 100% selfish man.

After all, it is results which count for a great deal more than the mere means used; and it is this feature of "results" to which I direct the interrogating mind.

Admitting that Labor Certificates have the virtue of enriching the nation with waterways, highways and other public improvements free from all debts

Without imposing the burdens of interest bearing bonds
Without imposing the burdens of taxation
Without imposing the burdens of borrowing money

and at the same time remove in the future, poverty caused by unemployment, then indeed is the end justified even though it would be necessary to give the most liberal construction to the use of Labor Certificates in order to procure the benefits to be derived therefrom. In this case surely, the end justifies almost any reasonable means.

It would therefore not be amiss for the government to enter into a contract with private individuals or corporations for the purpose of having a waterway built from the Great Lakes to the Atlantic under a whole or separate contracts, even though there would be a profit required by the contractor. A diligent eye of the government can easily be kept open in the direction of Income and Excess Profit Taxes which of necessity have become great pets of our government officials.

The waterway after completion when turned over to and accepted by the government would still be "work performed for the government," and could be paid for in Labor Certificates. This might be applied also to other public improvements whereof the materials and machinery might cost the government far more in the hands of incompetent or grafting representatives than to have such included in open bids of contractors. Whenever and wherever the government owns the material and the necessary machinery or is able to lease the latter upon reasonable terms, then it would be advisable for our government to embrace the closest rule which is possible of carrying out the intention of Labor Certificates.

LABOR CERTIFICATES AND THE U. S. CONSTITUTION

There is nothing in the U. S. Constitution which directly authorizes the issuance of gold and silver certicates, yet they are in circulation.

There is nothing in the U. S. Constitution which authorizes the issuance of circulating notes of the government and banks, yet these are today about the only U. S. mediums of exchange which the public get into their hands.

Regulations of Congress which permitted the foregoing mediums of exchange, were and still are all necessary measures to meet merely the growing needs of our nation which were not provided for in the U. S. Constitution; and if any of these measures for a time have stimulated industrial progress via "credit" even though charged with the destructive and fatal disease of debts and interest, then surely, the exigencies of today confer upon congress a similar power to enact regulations whereby to present a better grade and quality of money which will not only enrich the nation from the very beginning with public improvements but will eventually retire all mediums of exchange based upon the standard of debt.

GOVERNMENT (NATIONAL) OWNERSHIP

(To be read in connection with pages 10-16)

Government ownership is in a measure to a nation what a diploma or a master's certificate is to an individual. A diploma or master's certificate is the final reward given by an institution which certifies that the lawful holder has toiled and earned and now possesses the knowledge or skill to render services compatible with his qualifications.

Many view government ownership as something subject to larceny or obtainable via legislation equivalent to legislative bolshevism.

A young man who desires to become a physician or a lawyer cannot dispense with an education tending toward that goal. He cannot by merely seizing or buying the sign of a physician or lawyer, placing his own name thereon, take possession of his office and discharge the duties of such office. It is a foregone conclusion that even if he attempted these things he could not do otherwise than demonstrate a most dismal failure. To be or become a physician or lawyer he must pay the price of learning day by day, beginning at the bottom with a few studies and

periodically adding others as his mental capacity will permit until he has complied with all the requirements such as evidenced by a suitable diploma.

And so government ownership must come as a reward after the nation has earned it day by day and year by year in a diligent evolutionary progress. This will mean much work, much new thought, and much new knowledge, and above all, much patience.

The Labor Certificate is the beginning, making national ownership possible because the nation will be directly enriched through and by means of labor.

Labor has enriched the system of individual ownership by its creation of multi-millionaires from a visible inception dating back hardly more than seventy-five years; and surely labor via Labor Certificates can do that much also for the nation.

Labor produces all wealth while money makes distribution possible.

If the toiling masses are dissatisfied to continue enriching individuals why not lay a foundation whereby in the near future a tentative plan may be put into practical operation changing the tide of production benefiting individuals to another inuring to the benefit of the nation.

Labor at the instance of individuals having made individuals rich
Labor at the instance of the government will make the nation rich.

While today there are many engaged in the production of commodities, many more in many instances are concerned in grabbing at the distribution thereof; and as each distributor must operate on a basis of profit it is apparent that many profits are tacked upon articles, making the ultimate purchase price of consumers an almost prohibitive one.

In order to affect a change in distribution we must first undertake the task of changing the system of production from individual to national ownership. Distribution can only follow production.

No production—no distribution.

Before production can be successfully embraced it will be necessary to lay a proper foundation by doing those elementary things which are not only most essential but beyond the financial ability of individuals and corporations, and do not immediately

enter into competition with the activities of a system under individual ownership. Such would relate to

building a waterway from the Lakes to the Atlantic, storing flood waters for power and irrigation, building transcontinental highways and public buildings, etc.

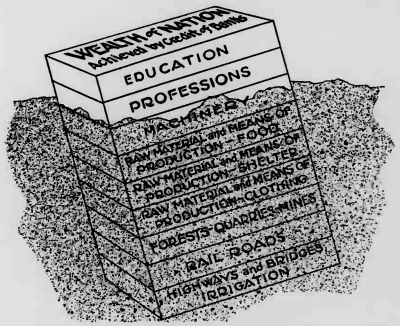
Later building railroads for the government's own use and thereafter undertaking the task of industrialization by taking a few industries at a time and adding others as needed.

I am emphatically opposed to any interference now or at any time in the future by the present or succeeding government officials attempting to take over either by purchase or legislative enactments, the whole or even a small portion of industries, or the distribution of products. The following illustration shows very clearly the reasons therefor.

INDIVIDUAL OWNERSHIP

AMASSED THROUGH

LABOR AND CREDIT—MONEY { CHECKS / CIRCULATING NOTES



On a Foundation of Sinking (Quick) Sands of Debts and Interest

Government	**Industrial Bonds**
Banks	**Mortgages on Real Estate**
State Bonds	**Debts of Manufacturers**
County Bonds	**Debts of Merchants**
Municipal Bonds	**Debts of Individuals**

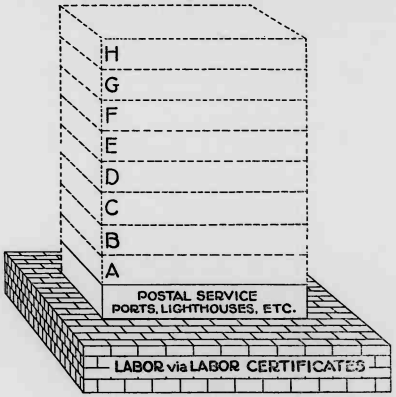
Taxes and Licenses on Property and Persons

The foregoing illustration shows that the wealth of the nation in hands of individuals and corporations has been steadily sinking to an enormous extent upon the foundation of sinking sands of debts and interest which in time means disastrous destruction; and it would therefore be unwise for our government to acquire anything resting upon such an unstable foundation.

NATIONAL OWNERSHIP

TO BE AMASSED BY

LABOR AND LABOR CERTIFICATES



TO BE CONSTRUCTED

A—Waterway between Great Lakes and Atlantic—Storing Flood Waters for Power and Irrigation. Damming Mississippi River. Public Buildings.
B—Transcontinental Highways. Constructing Railroads.
C, D, E, F, G and H—as necessity demands.

It is possible to construct a parallel structure by means of labor and Labor Certificates standing upon the firmest kind of a solid foundation.

If it were possible to obtain an accurate estimate of all present interest bearing indebtedness, starting with the government and reaching all the way down to include individuals, such no doubt would show an incumbrance ranging anywhere from 65% to 80% upon the nation's entire wealth, even at figures based upon watered values. It was due to credit that about 90% to 95% of the wealth of the nation was made possible but the debts which support this credit have not yet been paid—these with their interest are daily increasing. As credit increases so debts increase, however, in a greater measure. Credits and debts are inseparable running mates whereof the interest accruing upon debts is an additional dangerous burden which mathematically multiplies debts. For detailed financial condition of all banks refer to the book SOLUTION.

The foregoing sketch is intended to show that the power of regulation vested in congress should be used to save the system of individual ownership from sudden destruction so that such system may arrive at maturity and die a peaceful death via competition during the industrialization of our nation and the industrialized individuals as these operate today.

The operation of individual ownership must of necessity be based upon pecuniary profits whereas that of the government will be free from any such profit. I repeat "free from profit."

Some may say that such an evolution sounds cruel—but competition has always been cruel and will continue to be such until

the survival of the fittest flourishes unmolested. Even in the vegetable life the matured forests demonstrate the principle of the survival of the fittest which earned the exclusive possession of the land only by means of an intense struggle for existence during which all weeds and other plants died by inches in their efforts to hold on and possibly crowd out the small trees of a young forest—the latter destined to become a great growth for human use.

It is only through the cruelties of "struggles for existence" that elementary progress is made, but when the ultimate product has been achieved then cultivation improves that product.

The railroads caused death to ox-teams which carried the gold seekers of 1849 across the then called "western desert" to California.

The Oil Lamp proved death to Candles.
Gas displaced Oil Lamps, and
Electric lights will in time displace Gas lights.

The department stores have always been cruel to small dealers but a great benefit to the buying public. The trusts are death to small operators but teach the lessons of economy and efficiency which are great achievements (disregarding here the trust price-fixing-monopolies, which it should be the duty of the government to regulate, if not directly then indirectly by placing super taxes upon excess profits and income taxes).

Competition in all its cruelties advanced civilization whenever something of superior merit battled against another in general use.

Finally, suppose the government by bond issue purchased, or by legislative enactments against the consent of owners took possession of the most prominent public utilities in which case it would be necessary to retain in service the master minds who operated such under individual ownership, would it not be possible for these master minds to so manipulate the service as to give rise to universal complaints in order that the vendors of of these utilities might repurchase them at about 10c or 20c on the dollar, or have these returned via legislative enactments to their former owners?

Would it not be equally fatal for the government to employ inexperienced men in the places made vacant by master minds? The government operating any public utility upon the basis of profit is a gross injustice to the nation because its officials are in theory the paid servants of the nation to whom the U. S.

Constitution grants the enforcements of all necessary and sufficient burdens in the form of taxation and regulations.

The very underlying principle in distribution which gives rise to all past and present troubles lies in the feature of "profit;" I repeat, all troubles arise from profits which in their relation to distribution under the individual ownership system are the paramount issues.

Profits of individuals can be fully controlled by the government, but profits made by the government cannot be controlled by individuals.

The Courts generally follow and uphold the government. Once the seed of profits is embraced by the government it, like the seeds of Income and Inheritance taxes, will grow—never become less.

Profits belong legitimately only to the system of individual ownership. Ample powers are conferred upon the government to cope with unreasonable profits via taxation and regulation.

Whenever the government enters the business of operating utilities for profit, the individuals of the nation will receive no dividends—only a statement. How different that would be from corporations.

The avenues for corruption are open widely whenever the government operates public utilities upon the basis of profits.

Whenever the government acquires or operates a public utility based upon bond issues or other evidences of indebtedness in whole or in part then profits are essential to discharge debts and interest.

Under Labor Certificates the element of profit is entirely eliminated because there can be no indebtedness arising out of their use by the government.

Again, I am not unmindful of the success achieved in the operation of local utilities by municipalities. However, most of these have been started from the ground up, while others acquired by purchase equally confined within the narrow limits of municipalities are never beyond the ever watchful eye of omni present critics.

National utilities, however, present the most complicated and extensive forms of operations, and if managed or owned by the government upon any basis of profit would not constitute a democratization of such utilities but confer autocratic powers upon the servants of the nation, in which case it would be most difficult for the people to get redress.

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.—Amendments Article 10, U. S. Constitution.

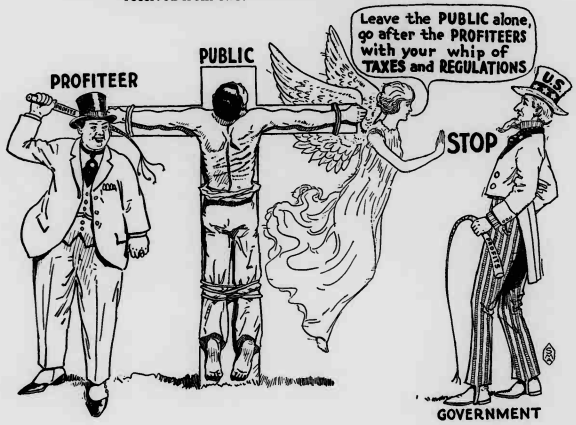
I want the government to operate eventually everything—but I insist upon the government's starting and building every utility from the ground up whenever such can be done

> Without imposing the burden of debts
> Without imposing the burden of interest and
> Without imposing the burden of profit to pay debts, interest and perhaps satisfy the cupidity acquired towards maintaining also big sums of surplus.

The servants of the government should come with clean hands before the people either to regulate or tax capital or labor in their struggles. For these servants to embrace profit is to taint the government and disqualify it for the performance of all its duties which require it to be impartial.

Profit is the weapon of the distributor who wields it upon the masses. One black-snake used by the profiteers upon the backs of the buying public is fully enough.

> Let us not be compelled to endure the lashes and welts received from two.



MORALS

1. Any fool can take over the established business or profession of another by force or purchase—but that furnishes no guarantee that he can successfully operate it thereafter.
2. The most successful operation of a business or profession results from those only who have learned the operation thereof from the ground up.
3. To acquire national ownership through purchase is to throw the nation into a bottomless pit of debts and sure death.
4. To acquire national ownership by the brute force of the masses constitutes bolshevism which destroys the achievements of law and order of organized society and works out chaos for the nation.
5. To acquire national ownership by the sheer power of legislation constitutes bolshevism or corruption on the part of government officials.
6. To acquire or operate any utility under national ownership upon a basis of profits, not only opens wide avenues for corruption and for political monopolies but places unconstitutional and unwarranted burdens upon the people of the nation.
7. To crave national ownership—we must pay the price of learning step by step how to operate every utility in order that we may keep it.
8. To earn national ownership by a gradual development on the part of the government of a parallel system not based upon profit, can be the only safe, honest, just and righteous course to pursue.
9. To get national ownership without evolution and without the price of learning through practical experiences is to "lose it" shortly after we get it—to have it perish on our hands.
10. The whole purpose of establishing complete national ownership is to have it in continuous as well as successful operation for the best interests and general welfare of all the people of the United States.
11. Not here considering moral obligations, the present "honesty" of civilization relates to the fulfillment of contractual engagements between individuals based on profits.

    "Honesty on the Smallest Scale."

12. The honesty of the distant future after gradual industrialization of our government has been achieved, will relate to all individuals of the nation, wherein the element of profit in all dealings will be entirely eliminated.

    "Honesty on the Largest Scale."

VISIBLE ILLS

The high cost of living—the profiteering—the increasing demands of labor—the threatened strikes and lockouts by capital and labor, are merely the outward visible eruptions of a deep seated evolution which is threatening to burst forth eventually into a harvest of panics, riots, if not revolution.

These visible ills are analogous to the boils, eczema and other surface eruptions having equally a deep seated origin in the diseased blood of a person.

While it is desirable and necessary to direct attention toward administering relief to sway and appease the attending pains and unbearable irritations manifested on the surface of the skin, yet no time should be lost in directing also some attention toward that creative cause which if left alone will continually send forth more boils, develop eczema or eruptions upon a more intensified scale until the person afflicted is driven into a stage of madness and desperation.

It is not my purpose to deal in any way with surface ills of our national system but present a remedy and treatment for those vital parts of our nation which contain the disease operating as a creative cause of all ills. I am therefore leaving the visible ills of our nation to be attended to by those who have nothing else to offer other than salve and ointment intended for local application.

The book SOLUTION is not intended to equip the reader and student with a detailed knowledge of the mechanical operations of finance and banking but present to him the "philosophy" thereof. This statement is made here in order that no one need be disappointed because of omissions of important amendments to the Federal Reserve Act, merely reducing the percentage of "Cash Reserves" of member banks which in no way alter the philosophy or principle of banking and finance but merely serve to enlarge the scope of credit. This also applies to rules established by the Federal Reserve Board facilitating the use of credit.

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END OF
TITLE